

Service Date: October 7, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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| IN THE MATTER of the Pass Through) | UTILITY DIVISION |
| of Fees Levied on Regulated Com-) | |
| panies for Funding the Department) | DOCKET NO. 88.8.24 |
| of Public Service Regulation.) | ORDER NO. 5355a |

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FINAL ORDER

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Interim Order No. 5355 was issued in this Docket on August 18, 1988. A Notice of Opportunity for Public Hearing was issued on the same date. No comments or requests for hearing having been received, the Commission adopts the following as its Final Order.

Section 69-1-402, MCA, provides for funding of the Department of Public Service Regulation by a fee on all regulated companies (as defined in § 69-1-401(2), MCA). The Department of Revenue notified the Public Service Commission of the tax rate which will be effective for the period beginning July 1, 1988. Section 69-1-403, MCA, requires that the Public Service Commission

(Commission) "by separate order authorize each regulated company to fully recover in its rates and charges, on an annual basis, the fees levied...." This Order is being issued pursuant to that requirement.

Order No. 5282a, issued September 11, 1987, authorized regulated companies to increase rates and charges for an annual period from August 29, 1987, through August 28, 1988. The currently authorized rate is .3 percent (.003).

The applicable rate for the tax period beginning July 1, 1988, remains at .3 percent (.003). In order to permit full recovery of the PSC fees, it is the Commission's intention to permit all affected regulated companies to increase their revenue requirement as of August 29, 1988. Coordination with the existing annual recovery period will avoid multiple rate variations and administrative expense.

All regulated companies that pay the PSC fee may file tariffs reflecting a .3 percent rate increase. This means that companies currently collecting the .3 percent increase authorized in Order No. 5282a will be authorized to continue collecting this increase, and should therefore, require no tariff changes.

The rate applicable to municipally owned regulated companies is .06 percent. § 69-1-403, MCA. This is also the rate authorized in Order No. 5282a for the preceding tax period. Municipal utilities currently collecting the tax, therefore, should require no tariff changes.

To provide flexibility, the Commission believes these increases should be permissive, not mandatory. Regulated companies may choose not to recover the fee in cases where the amount to be recovered would not justify submitting new tariffs. A regulated

company may choose to defer implementing tariffs until a later date (e.g., to coincide with other tariff changes). It should be noted, however, that the revenue requirement may not be accumulated. Tariffs must be filed within 15 days of their proposed effective date.

This approved revenue requirement will be effective until August 28, 1989. The Commission believes that a 12 month effective period will insure that regulated companies will recover all fees paid as required by law.

It is the Commission's intention that all regulated services of a regulated company absorb the rate increase proportionately to that service's contribution to the total gross operating revenue generated by the regulated activities within this state. As limited exceptions to this general approach, however, the Commission believes that ceilings in "flexible band" tariffs need not be exceeded and that special market-based rates need not be increased.

CONCLUSIONS OF LAW

1. Pursuant to 69-3-102 and 69-14-111, MCA, the Montana Public Service Commission has jurisdiction over regulated companies as defined by § 69-1-401, MCA.

2. The Public Service Commission is required by § 69-1-403, MCA, to allow immediate recovery of the regulated utility fee by each affected company in its rates and charges on an annual basis.

3. The increased revenue requirement approved herein is a reasonable means of complying with §§ 69-1-401 et seq., MCA.

ORDER

Regulated companies as defined in § 69-1-401, MCA, are authorized to file tariffs reflecting increased rates and charges as of August 29, 1988, consistent with the Findings of Fact contained in this Order. This authorization is permissive, not mandatory, and effective dates may, at the companies' discretion, be after August 29, 1988.

Tariffs must be filed within fifteen (15) days of their proposed effective date.

Done and Dated this 26th day of September, 1988 by a vote of 5- 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

JOHN B. DRISCOLL, Commissioner

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Carol Frasier
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.